

**STATE OF MICHIGAN  
DEPARTMENT OF ENERGY, LABOR AND ECONOMIC GROWTH  
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

**Before the Commissioner of Financial and Insurance Regulation**

**In the matter of:**

**HEALTH PLAN OF MICHIGAN, INC.  
777 Woodward Avenue, Suite 600  
Detroit, MI 48226  
NAIC NO. 52563,**

**Enforcement Case No. 09-7182**

**Dr. David Cotton, President,**

**Respondent.**

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**CONSENT ORDER AND STIPULATION**

**I.**

**FINDINGS OF FACT AND CONCLUSIONS OF LAW**

The Office of Financial and Insurance Regulation ("OFIR") and Health Plan of Michigan, Inc. ("HPOM"), represented by Sean P. Cotton, General Counsel, state the following facts are true and correct:

1. Health Plan of Michigan, Inc., ("HPOM") is licensed as a health maintenance organization in Michigan. Dr. David Cotton is HPOM's President and CEO.
2. On or about December 23, 2008, HPOM filed a provider contract between HPOM and CompCare with OFIR. On or about, March 5, 2009, OFIR disapproved the contract based on inadequate compliance with statutory requirements.
3. Subsequently, OFIR staff visited HPOM's website to see who was listed as its behavioral health provider and found that HPOM's provider directory website states: *"If you are looking for a mental health provider, please contact CompCare at 1-888-222-8041."*
4. OFIR staff contacted CompCare at the above-mentioned telephone number and asked whether CompCare has a contract with HPOM to provide mental health services. The customer service representative answered that CompCare had been in contract with HPOM since January 1, 2009, to provide mental health services to HPOM's members.

5. The subject contract was not submitted to OFIR for review and approval until December 23, 2008. Per statute, OFIR is allowed 30 days to review the contract before disapproving or approving the contract. According to CompCare, the contract was put into use on January 1, 2009, before the review period expired.
6. Based on the foregoing, the HPOM put into use a provider service contract prior to approval and used the same after disapproval in violation of the Michigan Insurance Code at MCL 500.3529.
7. Respondent was sanctioned on two previous occasions for failing to submit for approval provider agreements and was assessed a civil penalty for noncompliance.
8. Respondent either knew or should have known that it is required to submit to OFIR for approval standard contract formats proposed for use with its affiliated providers and any substantive changes to those contracts, and failed to do so.
9. It is noted that the CompCare contract was subsequently approved by OFIR.

## II. ORDER

Based on the above findings of fact, conclusions of law, and Respondent's stipulation, it is **ORDERED** that:

1. HPOM shall immediately cease and desist from violating the Michigan Insurance Code, including but not limited to Section 3529 of the Michigan Insurance Code.
2. HPOM shall pay to the State of Michigan a civil fine of \$2,500.00 (twenty five hundred dollars). Upon execution of this Order, OFIR will send HPOM an Invoice for the civil fine that will be due within 30 days of issuance of the Invoice.

Date: \_\_\_\_\_

7.1.09

OFFICE OF FINANCIAL AND  
INSURANCE REGULATION



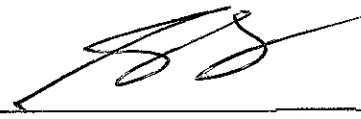
Ken Ross  
Commissioner

**III.  
STIPULATION**

I, Sean P. Cotton, on behalf of the above-named Respondent have read and understand the Consent Order above. I agree that the Commissioner has jurisdiction and authority to issue this Consent Order pursuant to the Michigan Insurance Code. I waive the right to a hearing in this matter if this Consent Order is issued. I understand that the Consent Order and Stipulation will be presented to the Commissioner for approval and the Commissioner may or may not issue this Consent Order. I waive any objection to the Commissioner deciding this case following a hearing in the event the Consent Order is not approved. I admit to the Findings of Fact and Conclusions of Law set forth in the above Consent Order and agree to the entry of the Consent Order.


Furthermore, I understand that HPOM has been provided the opportunity to disclose any additional provider agreements that were put into use between January 1, 2007 through May 1, 2009, that may not have been approved by OFIR. It is HPOM's representation that after due diligence no additional provider agreements were discovered and all provider agreements that are currently in use have OFIR's approval

Dated: 06/09/09

  
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HEALTH PLAN OF MICHIGAN, INC.  
By: Sean Cotton, General Counsel (P71900)  
777 Woodward Avenue, Suite 600  
Detroit, MI 48226

The Office of Financial and Insurance Regulation staff approves this stipulation and recommends that the Commissioner issue the above Consent Order.

Dated: 6/16/09

  
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Elizabeth V. Bolden (P69865)  
OFIR Staff Attorney